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SUBJECT: BOLIVIA EXPLAINING ARMS PURCHASES

¶1. (U) Press reports that Bolivian ministers of defense and foreign affairs are visiting Paraguay to better explain up to USD 100 million in future Bolivian arms purchases from Russia. Foreign Minister Hector Lacognata responded to earlier press reports with an official request for information to Bolivia. Lacognata was critical of Bolivia's proposed military expenditures, arguing that Bolivia should use its funds to help the poor. Lacognata requested a meeting with Bolivian counterparts through the 2+2 mechanism. (NOTE: Signed in March 2007, the 2+2 Mechanism was established by UNASUR to deal with issues relating to international order. It provides a framework for meetings between countries' Foreign and Defense Ministers. END NOTE).

¶2. (U) Lacognata briefed the Senate August 19, saying Bolivia arms purchases do not pose any threat to Paraguay because Bolivia's objectives are to safeguard internal security and fight drug traffickers. In Congress and among the general public, there is much greater concern about what is viewed as the arming of Bolivia. President of the Chamber of Deputies Foreign Relations Committee, Carlos Liseras, said that Paraguay should worry about Bolivia rearmament, and accused Venezuelan President Hugo Chavez of giving financial incentives to Bolivia to create a sense of "imminent war." President of the Senate Foreign Relations Committee, Miguel Saguier, said that Lacognata's explanations to the committee were convincing, but that he still distrusts the Bolivian arms purchase.

¶3. (SBU) COMMENT: Even though the final border agreement for the 1932-35 Chaco War between Paraguay and Bolivia was signed this April, Paraguay is still extremely sensitive to any attempt by Bolivia to strengthen its military. Despite the scheduled 2+2 talks and Bolivia's recent announcement of a delay in the arms purchases until 2010, tensions over military and border matters will continue to be heavily covered in the Paraguayan press.  
AYALDE